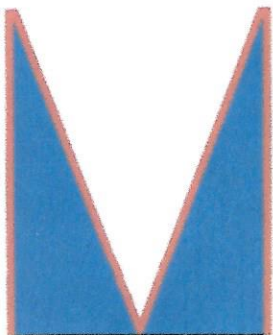


City of New Sharon

Independent Accountant's Examination Report
on Applying Agreed-Upon Procedures
For the Period
August 1, 2014 Through July 31, 2015



MARTIN P BROWN CPA

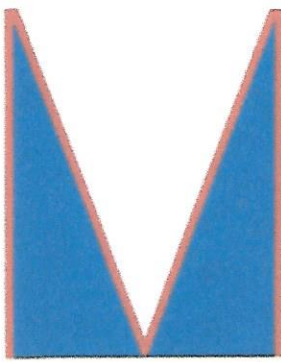
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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
And Members of City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of New Sharon for the period August 1, 2014 to July 31, 2015. The City of New Sharon's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2015 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.

8. I reviewed compliance with Chapters 12C.2, 12B.10 and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed debt, including general obligation and revenue bonds and notes and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
11. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
12. I reviewed and tested selected payroll and related party transactions for propriety, proper authorization and accurate accounting.
13. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had I performed additional procedures, or had I performed an audit of the City of New Sharon, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of New Sharon and other parties to whom the City of New Sharon may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the City of New Sharon during the course of these agreed upon procedures. If you have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.

A handwritten signature in blue ink, appearing to read "Martin P. Brown CPA".

Martin P Brown CPA
Certified Public Accountant
December 8, 2015

City of New Sharon
Detailed Recommendations
For the period August 1, 2014 through July 31, 2015

- (A) Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties which are incompatible. The City Clerk has access to cash receipts and bank deposits, and posts cash receipts to the cash receipts journal.

Recommendation: Segregation of duties is difficult with a limited number of employees. However, the City should periodically review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The independent review procedures set up by the City, including reviews of reports by the Mayor and City Council, should be monitored to ensure continued compliance.

- (B) Deposits and Investments—Depository Resolution: A resolution naming official depositories has been adopted by the City Council as required by Chapter 12.C.2 of the Code of Iowa, however, none of the resolutions specify maximum amount allowed to be deposited in the selected depositories.

Recommendation: The City Council should, by resolution, approve amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12.C.2 of the Code of Iowa.

- (C) Fund Balance Reporting: Reports generated by the City's computer system at June 30, 2015 indicate cash balances do not balance to the City's fund balances. Per discussion with the City Clerk, efforts are being made with the City's software provider to remedy the situation.

Recommendation: The City should ensure cash and fund balances are reported properly, and take steps to ensure the issue is resolved, and to correct any affected reports.

City of New Sharon
Other Information
For the Period August 1, 2014 through July 31, 2015

The City of New Sharon was incorporated in 1856 and in 2010 had a population of 1,293. It is located in Mahaska County.

Officials at report date:

Name:	Title:	Term Expires:
Dustin Hite	Mayor	January 2016
Larry Applegate	Mayor Pro Tem	January 2016
Kenneth Ward	Councilmember	January 2018
Keri Lamberson	Councilmember	January 2018
Jeff Foster	Councilmember	January 2018
Lisa Munn	City Clerk	Indefinite

This examination was performed by Martin P Brown, Certified Public Accountant, of the firm Martin P Brown CPA